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Services Division

Committee on European Satellites

(Eusat Committee Meeting - 9th Meeting - 1330 18 April 1956)

Present: [REDACTED]

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The entire meeting was devoted to the topic "Recent Tendencies Toward Closer Economic Ties Between Yugoslavia and the Bloc". Some of the significant developments representing closer economic relations with Bloc countries were discussed: (1) increase in trade with Bloc; (2) recent protocol under which the USSR agrees to extend substantial loans and credits to Yugoslavia during the period 1956-58; (3) participation of Yugoslavian ships in trade with Communist China; (4) restoration of railroad freight traffic between Yugoslavia and European Satellites; (5) agreement with Hungary and Czechoslovakia for transit of these satellites' goods over Yugoslavian railroads and through the port of Rijeka; and (6) a 5 year scientific and technical exchange agreement with the USSR. The view was expressed that while these economic developments indicate no disposition toward political realignment with the Bloc the possibility exists that as a result of strong economic ties, Yugoslavia might under certain circumstances ultimately be pressured into such an alignment. At present the policy of the Yugoslavs appears to be that of political independence and a tendency to exploit the economic advantages of being wooed by both East and West.

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The next meeting, Wednesday 25 April, will have as its principal topic for discussion "Economic Relations between the European Satellites and Communist China". At least one analyst from the China Committee will be invited to discuss the topic with the Eusat Committee.

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Chairman